

103^D CONGRESS
1ST SESSION

S. 65

To amend the Internal Revenue Code of 1986 to impose a fee on the importation of crude oil and refined petroleum products.

IN THE SENATE OF THE UNITED STATES

JANUARY 21 (legislative day, JANUARY 5), 1993

Mr. NICKLES introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to impose a fee on the importation of crude oil and refined petroleum products.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Domestic Petroleum
5 Security Act of 1993”.

6 **SEC. 2. FEE ON IMPORTED CRUDE OIL OR REFINED PETRO-** 7 **LEUM PRODUCTS.**

8 (a) IN GENERAL.—Subtitle E of the Internal Reve-
9 nue Code of 1986 (relating to alcohol, tobacco, and certain

1 other excise taxes) is amended by adding at the end there-
 2 of the following new chapter:

3 **“CHAPTER 55—IMPORTED CRUDE OIL OR**
 4 **REFINED PETROLEUM PRODUCTS**

“Sec. 5891. Imposition of tax.

“Sec. 5892. Definitions.

“Sec. 5893. Registration.

“Sec. 5894. Procedures; returns; penalties.

5 **“SEC. 5891. IMPOSITION OF TAX.**

6 “(a) IMPOSITION OF TAX.—In addition to any other
 7 tax imposed under this title, an excise tax is hereby im-
 8 posed on—

9 “(1) the first sale within the United States of
 10 each barrel (or its equivalent) of—

11 “(A) any crude oil, or

12 “(B) any refined petroleum product,

13 that has been imported into the United States, and

14 “(2) the use within the United States of each
 15 barrel (or its equivalent) of—

16 “(A) any crude oil, or

17 “(B) any refined petroleum product,

18 that has been imported into the United States if no

19 tax has been imposed with respect to such crude oil

20 or refined petroleum product prior to such use.

21 “(b) RATE OF TAX.—

22 “(1) CRUDE OIL.—For purposes of paragraphs

23 (1)(A) and (2)(A) of subsection (a) the rate of tax

1 on any barrel (or its equivalent) shall be the excess,
2 if any, of—

3 “(A) \$25, over

4 “(B) the energy policy price per barrel of
5 crude oil.

6 “(2) REFINED PETROLEUM PRODUCT.—For
7 purposes of paragraphs (1)(B) and (2)(B) of sub-
8 section (a), the rate of tax on any barrel (or its
9 equivalent) shall be equal to—

10 “(A) \$3, plus

11 “(B) the tax determined under paragraph
12 (1) of this subsection.

13 “(3) FRACTIONAL PARTS OF BARRELS.—In the
14 case of a fraction of a barrel, the tax imposed by
15 subsection (a) shall be the same fraction of the
16 amount of such tax imposed on the whole barrel.

17 “(c) DETERMINATION OF ENERGY POLICY PRICE.—

18 “(1) IN GENERAL.—For purposes of this sec-
19 tion, the energy policy price with respect to any
20 week during which the tax under subsection (a) is
21 imposed shall be determined by the Secretary and
22 published in the Federal Register on the first day of
23 such week.

24 “(2) BASIS OF DETERMINATION.—For purposes
25 of paragraph (1), the energy policy price for any

1 week is the weighted average international price of
2 a barrel of crude oil for the preceding 4 weeks as
3 determined by the Secretary, after consultation with
4 the Administrator of the Energy Information Ad-
5 ministration of the Department of Energy, pursuant
6 to the formula for determining such international
7 price as used in publishing the Weekly Petroleum
8 Status Report and as in effect on the date of the en-
9 actment of this section.

10 “(d) LIABILITY FOR PAYMENT OF TAX.—

11 “(1) SALES.—The taxes imposed by subsection
12 (a)(1) shall be paid by the first person who sells the
13 crude oil or refined petroleum product within the
14 United States.

15 “(2) USE.—The taxes imposed by subsection
16 (a)(2) shall be paid by the person who uses the
17 crude oil or refined petroleum product.

18 “(3) TAX-FREE EXPORTS.—

19 “(A) IN GENERAL.—Under regulations
20 prescribed by the Secretary, no tax shall be im-
21 posed under this chapter on the sale of crude
22 oil or refined petroleum products for export or
23 for resale by the purchaser to a second pur-
24 chaser for export.

1 “(B) PROOF OF EXPORT.—Where any
 2 crude oil or refined petroleum product has been
 3 sold free of tax under subparagraph (A), such
 4 subparagraph shall cease to apply with respect
 5 to the sale of such crude oil or refined petro-
 6 leum product, unless, within the 6-month period
 7 which begins on the date of the sale, the seller
 8 receives proof that the crude oil or refined pe-
 9 troleum product, has been exported.

10 **“SEC. 5892. DEFINITIONS.**

11 “For purposes of this chapter—

12 “(1) CRUDE OIL.—The term ‘crude oil’ means
 13 crude oil other than crude oil produced from a well
 14 located in the United States (within the meaning of
 15 section 638(2)) or a possession of the United States.

16 “(2) BARREL.—The term ‘barrel’ means 42
 17 United States gallons.

18 “(3) REFINED PETROLEUM PRODUCT.—The
 19 term ‘refined petroleum product’ shall have the same
 20 meaning given to such term by section 3(5) of the
 21 Emergency Petroleum Allocation Act of 1973 (15
 22 U.S.C. 752(5)).

23 “(4) EXPORT.—The term ‘export’ includes ship-
 24 ment to a possession of the United States; and the

1 term ‘exported’ includes shipment to a possession of
2 the United States.

3 **“SEC. 5893. REGISTRATION.**

4 “Every person subject to tax under section 5891
5 shall, before incurring any liability for tax under such sec-
6 tion, register with the Secretary.

7 **“SEC. 5894. PROCEDURES; RETURNS; PENALTIES.**

8 “For purposes of this title, the tax imposed by section
9 5891 shall be treated in the same manner as the tax im-
10 posed by section 4986 (as in effect before its repeal).”

11 (b) CONFORMING AMENDMENT.—The table of chap-
12 ters for subtitle E is amended by adding at the end thereof
13 the following new item:

“Chapter 55. Imported crude oil or refined petroleum products.”

14 (c) DEDUCTIBILITY OF IMPORTED OIL TAX.—The
15 first sentence of section 164(a) (relating to deductions for
16 taxes) is amended by inserting after paragraph (5) the fol-
17 lowing new paragraph:

18 “(6) The imported oil taxes imposed by section
19 5891.”

20 **SEC. 3. EFFECTIVE DATE.**

21 The amendments made by this Act shall apply with
22 respect to sales and use of imported crude oil or imported
23 refined petroleum products on or after the date of enact-
24 ment.